



AIA PAM – Growth Fund

Investment Objective

The Fund seeks to provide returns through capital growth.

Investment Strategy

The Fund will invest in local and foreign equities with a bias towards equity with potential for growth. The Fund will also invest at least 30% of its NAV in local fixed income instruments with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC.

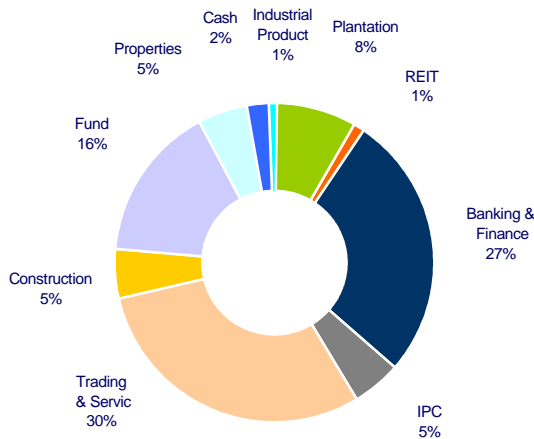
Fund Details

Fund Size (31 Jul 2014)	: RM 10.75 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: Jun 05, 2013
Fund Management Charge	: 1.50% p.a
Investment Manager	: AIA Pension and Asset Management Sdn Bhd
Basis of Unit Valuation	: Net Asset Value (NAV)
Frequency of Unit Valuation	: Daily
Benchmark	: 35% FTSE Bursa Malaysia Top 100 Index + 35% MSCI AC Asia ex Japan Index + 30% Quant Shop MGS All Bond Index

Top Five Holdings

1. DB X-Trackers MSCI Asia X-Japan	15.67 %
2. Sabah Credit Corp 23/07/21	4.55%
3. Golden Assets International 03/08/18	4.02%
4. CIMB Berhad 15/09/22	3.00%
5. Gamuda Berhad 21/03/18	2.98%

Sector Allocation



Risk

Investment risk involves the uncertainties relating to Malaysia’s economic situation, political condition and also price volatility of stocks held as a result of company specific risk.

Risk Management

The Investment Manager employs structured investment process to minimize market risk. Investment guidelines also prescribe limits in terms of single user limit and strict and frequent stock evaluation to minimize company specific risk.

Historical Performance

Offer Price at Inception	: RM 1.0000
Unit NAV (31 Jul 2014)	: RM 1.0972
Benchmark (05 Jun 2013)	: 1.0000
Benchmark (31 Jul 2014)	: 1.0868

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 31 July 2014

Market Review

On fixed income, during MPC meeting in July, Bank Negara decided to raise the Overnight Policy Rate by 25 bps to 3.25%. The central bank cited “firm growth prospects” and above long-run average inflation as reasons for the hike. The OPR hike was already priced in and some market players pared back their expectations for another rate hike for the rest of the year. Buying by offshore players also helped drive MGS yields down and the reach for yield resulted in more interest in the longer end of the curve. The curve bull-flattened as a result. Foreign shareholding in MGS increased to 46.7% in June from 46.3% the previous month. The benchmark 3-year, 5-year, 7-year and 10-year MGS fell by 3 bps, 7 bps, 17 bps and 14 bps respectively to end the month at 3.47%, 3.66%, 3.75% and 3.88% respectively. There were two auctions in July. The RM3 bil re-opening of the 5-year MGS recorded a bid to cover of 2.18x at an average yield of 3.707% while the RM1.5 bil reopening of the 15-year GII garnered a strong bid to cover of 3.81x at an average yield of 4.393%. On the corporate side, yields fell by 3 to 15 bps while credit spreads were largely stable with the exception of the 10-year tenor which experienced some widening due to the rally in the 10-year MGS. This month, CIMB Thai, Aquasar (a special-purpose-vehicle of Sarawak) and Sentoria (guaranteed by Bank Pembangunan) issued.

On equity front, FBM100 Index slipped 0.21% to end at 12,651, underperforming MSCI Asia Pacific ex Japan Index which rose sharply by 3.3%. Among the headlines was the loss of MH17, reported to have been shot down by a missile, few months after MH370 incident. On the corporate front, CIMB, RHB and MBSB received approval from Bank Negara to begin talks for a possible merger. AirAsia X signed a MoU with Airbus, intended to buy 50 A330-900neo worth RM44bn at list price. Boustead proposed to acquire 70 acres of land in Pulau Indah for RM310m and to develop parts of the land into fabrication yard to cater for O&G support services. Besides, Boustead has formalized a RM9bn contract with the Ministry of Defence to build six second-generation patrol vessels for the Royal Malaysian Navy. IJM Land entered into a sale and purchase agreement with SP Setia to acquire 40% of Kuantan Pahang Holdings which holds a 51% stake in Malaysia-China Kuantan Industrial Park.

The MSCI Asia ex Japan Index rose 3.3% in MYR terms in July. The HKCEI index (up 9.0%), the Shanghai A-share (up 8.0%) and the HSI index (up 7.47%) were the best-performing indices in the region. China’s manufacturing PMI reached a 27-month high; signaling improved economic conditions in China.

Market Outlook

As bonds have mostly priced in a higher domestic interest rate environment and tapering by the Fed while the European Central Bank is taking a more accommodative stance, we will gradually lengthen the fund’s duration. In terms of asset allocation, we still prefer corporate bonds.

Despite the escalating tension in Iran as well as expectations on timing and speed of US rate-hike cycle, equities market globally continues to be supported by the strength in global economic recovery in US and Europe; and still accommodative policy in major countries. Investment team remains optimistic on Malaysia equities in the long run back by government continued effort to address macroeconomic issues and export-led recovery despite moderating domestic consumption. We will focus on stocks that are beneficiary as the economic growth gaining momentum at reasonable valuations.

We maintain our preference of North Asia over ASEAN in the longer term as recovery in US and Europe will benefit exporters in North Asia.

Disclosure Document dated 16 May 2013, Supplemental Disclosure Document dated 11 October 2013, Second Supplemental Disclosure Document dated 8 January 2014, Third Supplemental Disclosure Document dated 14 February 2014, Fourth Supplemental Disclosure Document dated 16 June 2014, Fifth Supplemental Disclosure Document dated 4 July 2014 and Sixth Disclosure Document dated 8 August 2014 (collectively known as “Disclosure Document”) of the AIA Private Retirement Scheme has been registered with the Securities Commission Malaysia, who takes no responsibility for their contents. Copies of the Disclosure Document and Product Highlights Sheet (known as “PHS”) are available from our office and all authorised agents/distributors of AIA Pension and Asset Management Sdn Bhd and you have the right to request for the Disclosure Documents and PHS. Please read and understand the contents of the Disclosure Document and PHS before making any investment decision. Units are issued upon our receipt and satisfactory processing of a duly completed application form referred to in and accompanying the Disclosure Document. In the event of discrepancy between the fact sheet and the Disclosure Document, the information in the Disclosure Document shall prevail.